Exchange Grant
Inter-Agency Work Group

Agency Name	Representatives
CSI	Monica Lindeen, Walter Schweitzer, Christina Goe, Jill Sark, Christa McClure, Susan Paulson-Davis, Sibyl Govan, Dave Van Nice
Governor's Office	Jessica Rhoades or designee
Legislative Services Division	
• Health Committee	Susan Fox
DOA	Janet Kelly, Director
• ITSD	Dick Clark or designee
• State Acctg. Division	Paul Christofferson or designee
• SABHRES	Cheryl Grey or designee
• Health Care & Benefits Division	Russ Hill or designee
DPHHS	Anna Whiting Sorrell
• Medicaid	designee
• Healthy MT Kids	designee
• Mental Health Services	designee
• Technology Staff	designee
Indian Health Services	Pete Conway or designee

Inter-agency Work Group

Meeting Agenda - January 13, 2011

1. Introduction and welcome by Monica Lindeen

2. Montana Health Insurance Exchange – Power Point presentation

3. LC0270 – Montana Health Insurance Exchange Authority bill – Christina Goe

4. Establishing a common vision – Christa McClure
   - How can the Exchange offer a world-class consumer experience to low-income and otherwise disadvantaged populations?
   - How can we provide multiple avenues to public insurance programs and "no wrong door" for accessing fully and partially subsidized health insurance?
   - What are the most efficient and cost-effective ways for Montana's public insurance programs, federal agencies and the Exchange to work together?
   - What is the best way to coordinate coverage and care for people moving in and out of the various income brackets?
   - Are we ready to process fifty thousand + newly eligible recipients of Medicaid?
   - Should we leverage federal funding to create a common, integrated and seamless screening process that is supported by technology?
   - Additional Suggestions

5. IT Planning – Sibyl Govan

6. Updates from any of the Inter-agency Work Group members (DPHHS, DOA -ITSD, Governor's Office, IHS, Legislative Services)

7. Organization and participation – Inter-agency Work Group-Christa McClure
   - Participating members
   - Additional members
   - IT Sub-group
   - Future meeting dates

Overview: Patient Protection and Affordable Care Act

On March 23, 2010, the Patient Protection and Affordable Care Act (ACA) became law, requiring most US citizens and legal residents by 2014 to have health insurance and establishing a state-based system of insurance exchanges through which individuals can purchase coverage. The exchanges will be an online marketplace for individuals and small businesses to compare the rates and benefits of various health plans and receive subsidies and tax credits. The exchanges will also act as an online screening portal to determine eligibility for low income consumers to obtain health coverage through Medicaid, HMK or the exchange. When eligibility has been established, enrollment will be automated as well. The focus is to create systems that are streamlined to reduce hassles for consumers. The ACA requires that any individual that applies will be automatically screened for all coverage options regardless of how they apply and they will be enrolled in the most suitable plan without requiring further forms or eligibility determinations.

Implementation and Governance:

Simply put, the ACA requires that the insurance exchanges be governed either by the states, or if an individual state does not implement a governing structure by 2013, then by the federal government. In Montana, legislation has been proposed to create a quasi-governmental board to run a state-based exchange through an exchange authority. The Office of the Commissioner of Securities and Insurance, Montana State Auditor, will have oversight over the exchange authority which will be incorporated as a nonprofit corporation. This exchange authority will not be a state agency. In addition an advisory committee is being proposed to provide input to the exchange authority and the commissioner.

The exchange board will be responsible for setting up the authority, hiring an executive director and staff, creating a plan of operation, and assisting in the creation of the advisory committee. Among other duties, the board will certify qualified plans, rate health plans, establish a web portal, make initial eligibility determinations for federal tax credits and grant exemptions from the individual responsibility requirement.

The board will be charged with funding the exchange authority through fees and various grants as no state funding will be used. Starting in 2012, the board will begin reporting its progress on its planning for the exchange and the likely success of its plan. Reports beginning in 2015 will contain relevant information regarding the implementation of the insurance exchange which is set to be operational by 2014.

Technology Challenges:

Information technology runs like a thread through the health insurance reform bill. Health care reform provides the opportunity to design a rational system for evaluating new and old technologies. It is hoped that new technology will simplify the process of enrolling in a plan and drive down the cost

of expanded coverage by streamlining administrative processes and detecting waste, fraud and abuse. The quality of the data gathered through technology is paramount for the exchanges to be successful and that data at the same time must be kept secure and private.

It will take very sophisticated systems to calculate which plans are best-suited for each user of the online market place for insurance consumers. Another of the biggest challenges will be the integration of Montana's Exchange with other programs such as Medicaid, Healthy Montana Kids and possibly Insure Montana. There will be other issues such as handling high volume transactions and interfacing with several federal agencies such as the IRS, Social Security and Homeland Security. Montana's large rural populations beget basic technology problems such as limited online access and computer illiteracy.

For more information you can access these links on the web:

Kaiser Family Foundation,"Coordinating Coverage and Care in Medicaid and Health Insurance Exchanges" http://www.kff.org/healthreform/8118.cfm

NAIC, "Patient Protection and Affordable Care Act of 2009 Section by Section Analysis", http://naic.org/documents/index_health_reform_general_ppaca_section_by_section_chart.pdf

Montana House Bill 124 that would create a state level health insurance exchange, http://sao.mt.gov/2011%20Legislature/index.asp

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HB 124 HEALTH INSURANCE EXCHANGE

A bill to create a state-based Health Insurance Exchange for individuals and small businesses.

What is an Exchange?

An Exchange is an **online marketplace** for individuals and small businesses to easily compare rates, benefits and quality among health plans and facilitate the purchase of qualified health plans.

Because plans are placed in tiers based on out-of-pocket costs, consumers can **compare plans on an apples-to-apples basis**.

All plans sold in the individual or small business Exchange are offered by **private companies**. It is **not a government-run plan or public insurance option**.

In the Exchange, individuals and small businesses will have access to tax credits and subsidies to help them afford coverage. Small groups will experience pooling similar to large groups, which should reduce costs and expand coverage options.

What does HB 124 do?

The main purpose of HB 124 is to establish a governance structure for the Exchange.

The bill proposes a quasi-governmental Exchange Authority Board that is attached to the Office of the Montana Commissioner of Securities and Insurance. The bill explains the Board appointment process and outlines the duties of the Board. The bill also assigns the duties of the Commissioner.

In order for the Exchange to be successful, it must be set up to attract healthy and unhealthy individuals. To accomplish this, the bill suggests ways to limit adverse selection inside and outside the Exchange.

The Exchange must attract consumers to be viable. The bill proposes using the Utah model for a defined contribution to attract more small businesses.

The CSI has received a federal grant to plan for the Exchange. After 2015, the Exchange must be self-sustaining through assessments on insurers. Therefore, the Exchange will not negatively impact the state budget.

The CSI gathered comments from insurance companies, providers, small businesses and consumer groups during numerous meetings to draft this legislation.

What happens if the bill is not passed?

If Montana does not demonstrate significant progress to implement a state-run Exchange by January 1, 2013, the U.S. Department of Health and Human Services will establish a federal Exchange in Montana either directly or thorough a contract with a nonprofit.

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HEALTH INSURANCE EXCHANGE

SECTION 1. ESTABLISHING THE EXCHANGE AUTHORITY

- Establishes the exchange authority as a quasi-governmental entity under the supervision of the insurance commissioner. The exchange authority will be governed by an appointed board and will be incorporated as a nonprofit corporation. Open meeting laws and the public's right to know apply to this entity.

SECTION 3. BOARD OF DIRECTORS

- The board of directors consists of 7 directors appointed for 3-year, staggered terms plus 2 non-voting members and one legislative liaison. Three board members will be appointed by the commissioner and must have specialized knowledge regarding health care financing, including one person with an actuarial background and one member of the business community. Four board members will be appointed by the governor, including the director of the state employee health benefit plan, the Medicaid director, one consumer advocate and one union representative.
- Each appointment is subject to confirmation by the senate.
- No board member may be affiliated in any way with a health insurance issuer or insurance producer organization.
- Initial board appointments must be made by July 1, 2011.

SECTION 4. POWERS AND DUTIES OF THE EXCHANGE AUTHORITY BOARD

- The board is charged with 36 separate duties. These include certifying qualified plans, rating health insurers, establishing a web portal and toll-free phone number, and making initial eligibility determinations for assistance programs and federal tax credits. Other powers and duties include creating an administrative structure by drafting a plan of operation, assessing fees on participating insurers, adopting bylaws, creating reports, advertising the exchange, and interacting with state and federal agencies.
- In addition, the board is instructed to explore ways to ease enrollment for small employers, encourage plan designs that reduce health care costs and promote disease prevention, establish guidelines for the role of producers in the exchange, and encourage participation of additional health insurers.

HEALTH INSURANCE EXCHANGE

SECTION 5. EXCHANGE AUTHORITY STAFF

- The board will hire and set forth the duties of the executive director and any additional professional staff.

- The staff will not be state employees.

SECTION 6. POWERS AND DUTIES OF THE COMMISSIONER

- The commissioner will adopt rules necessary to implement the provisions of this part. The commissioner will also approve or disapprove the plan of operation proposed by the board and the assessment fees that board will impose on insurers; develop a uniform health insurance application; and conduct periodic financial and performance audits of the exchange authority.

SECTION 7. GENERAL REQUIREMENTS FOR THE EXCHANGE AUTHORITY

- The exchange shall facilitate the purchase and sale of qualified health plans, establish a SHOP exchange, and begin making plans available on January 1, 2014.

SECTION 8. HEALTH PLAN CERTIFICATION

- The exchange may certify a health plan if the plan provides the essential health benefits package and offers at least a bronze or catastrophic level of coverage.

- The health insurer offering coverage must be licensed and in good standing in Montana, must receive rate and form approval for the plan, must offer at least silver and gold levels of coverage, must offer the same premium inside and outside the exchange, and must comply with all state and federal laws.

SECTION 9. ADVISORY COMMITTEE

- The commissioner and the board shall create an advisory committee consisting of up to 15 members, including stakeholders from the insurance industry, health care providers, consumer advocates and other stakeholders. The advisory committee will provide input to the board and the commissioner on issues such as the plan of operation and proposed administrative rules.

HEALTH INSURANCE EXCHANGE

SECTION 10. FUNDING FOR THE EXCHANGE AUTHORITY

- Specifies the funding required to operate the exchange authority will come from fees on health insurers and federal and private grants. No state funding will be used.

SECTION 11. ANNUAL REPORTS— RESEARCH

- Beginning in April 2015, the board is required to produce a written report to the governor, the commissioner and legislature detailing the status of the operation of the exchange, including, health plans available, experience of the plans, plan rates, administrative costs, complaints against the exchange, utilization of the exchanges, and other information.

- In August 2012, the board and the commissioner will jointly produce reports that examine topics relevant to making the exchange successful including the feasibility of merging the individual and small group market in 2014, the possibility of a multi-state exchange, and strategies to avoid adverse selection inside the exchange and others.

SECTION 12. EMPLOYER HEALTH INSURANCE EXCHANGE- DEFINED CONTRIBUTION

- A plan similar to the Utah defined contribution plan is proposed as an option for employers as a way to encourage enrollment in the small employer group exchange. A defined contribution plan allows employers or multiple employers of a single individual to contribute a defined amount to a plan that is selected by the employer or employee.

SECTION 13. HEALTH PLAN DESIGN REQUIREMENTS INSIDE AND OUTSIDE THE EXCHANGE

- Limits the number of plan designs that an insurer can offer inside the exchange to 3 in each tier. And, requires that insurers that are required to offer a silver and a gold plan inside the exchange, must also offer a silver and a gold plan outside the exchange, unless the insurer does not operate outside the exchange. Also requires insurers that offer a bronze plan or catastrophic plan outside the exchange to also offer a bronze plan or catastrophic plan inside the exchange.